

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MAY 30, 2002

PRESENT: Chairman John Byrne and Commissioner Anthony Maiola; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.

EXCUSED: Commissioner Patricia Russell

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending May 26, 2002 indicates retail sales were up around 1.69%, on-premise sales were up 20.5%, off-premise sales were down almost -.62%, and total aggregate sales were up 3.65%. The traffic count increased by 4,916, while the average sale was down \$.61.

The W-I Total Weekly Sales report for the week ending 5/26/02 confirms total sales were up almost 3.66% or \$262,696, while they were also up 7.13% or \$19,642,470 compared with last year when the increase was at 5.33%. Wine sales were up 7.5% or \$234,968 for the week, and were also up by 10% or \$12,487,520. This is twice as high as the same time last year when sales were only up by 5.08%. For the week, sales of spirits increased by .27% or \$10,991, and also increased year-to-date by 5.33% or \$8,238,369. Last year sales were up 5.95% for the year.

B. Budget Reports:

The current Outstanding Depletions and Post-Off's report shows there are no accounts in arrears as of May 29, 2002.

There will be a Capital Budget presentation on Tuesday, June 4th. All chiefs have copies of Form 7-D that need to be completed and returned by June 10th to be finalized. This is effective for the beginning of the biennium budget process. The Commission will do a final review on June 20th. Craig is still waiting for a schedule from Administrative Services, at which time he will be able to enter dates and times. He reminded those having major budget responsibilities that they should start thinking about this now so they will have the opportunity to get quotes as needed.

The W-6 Expense Budget Activity Variance Report indicates expenditures normally would be at 90.96% at this point, but the Commission's totals are

currently at about 85.2%. George reported that all class lines are holding well. Additional monies have just been put in for Store Operations which has to pass both Fiscal Committee and Governor and Council approval. There are also a few shortages in the benefits classes, but there is nothing to worry about at this point as this will be resolved at the end of the fiscal year.

Efforts are continuing to keep the accounting software package alive at this point. Word was received yesterday from the new company that their legal counsel and upper management would not agree to all the provisions in the contract. For now, they will continue to provide support if problems arise at this point. Unfortunately, the money for this project lapses at the end of the year. Craig said the worse case scenario is that the money will be lost, and the Commission will have to go out with another RFP as quickly as possible. Changing to another software package will cost substantially more. Howard said if the old package continues to be used, it will be necessary to continue to use the old hardware also. The Commission could try to get additional monies from Fiscal Committee for next year.

George reported that revenue amounts have exceeded the projections for May.

Many new rubbish contracts have been submitted to Governor and Council, representing a savings of between \$20,000 and \$30,000.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales were up this week versus the same week last year by 4.11% or \$230,594. Store #29 Whitefield increased dramatically (266.45%) due to the opening of the Grand Hotel.

The paving project at Store #38 Portsmouth is being done in sections, and seems to be going along smoothly. Store #67 Hooksett renovations are completed except for installation of the smoke detector and some lighting.

There will be a Supervisors' Meeting next Tuesday, June 4th from 10:00 a.m. to 1:00 p.m. One major issue for discussion will be Class 50 funds for the coming year.

2. Warehouse Report

Restocking is being done in the Concord Warehouse following the recent inventory, and everything seems to be in order. Chairman Byrne asked if any absolutes on spirits had been lowered. John Bunnell said that several stores had extra inventory. The Chairman said he noted that Stores #38 Portsmouth

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and both I-95 Hampton stores were really depleted in some areas earlier in the week. Peter said he would look into this situation.

3. Purchasing Report

There was nothing of significance to speak of regarding this week's out-of-stock report. John reported that everything seems to be in good shape.

4. Merchandising Report

A. SPIRITS:

1) Test Market:

a. Test Market Request (Caravella Limoncello and Orangecello):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from United Beverages, Inc./Barton Brands for new test market product listings for Caravello Limoncello, 750ML size (assigned Code #4796) and Caravello Orangecello, 750ML size (assigned Code #4799), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Recommendation (Code #2614):

This item was referred back to Marketing for further evaluation, as requested by Richard Gerrish, Spirits Marketing Specialist.

2) July Special Offers (4 items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from United Beverages, Inc., based upon depletions of four (4) spirit items, to be featured on sale during July 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One-Time Buy (tabled item from 5/9/02):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that this item be removed from the table, and that the Commission approve an offer from Horizon Beverage Company of a one-time special purchase of Skyy Citrus, 1.75L size, to be made at the beginning of July 2002, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Wine Product Listings:

a. 5 items (United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from United Beverages, Inc. for general distribution of the following five (5) wine codes, each of which has earned a gross profit of at least \$6,500 during a twelve-month period, a majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 7 items (Martignetti Companies of N.H.):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Martignetti Companies of N.H. for general distribution of the following seven (7) wine codes, each of which has earned a gross profit of at least \$6,500 during a twelve-month period, a majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Primary Source Submissions (3 items – primary source; 13 items – exclusive marketing agent; 15 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve the listing of three (3) wine codes which are from primary source, thirteen (13) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and fifteen (15) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Wine Specialty Products (20 items):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve twenty (20) wine codes to be designated as wine specialist products, to be carried in the wine specialty stores, as recommended

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by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Recommended Allocated and Restricted Wines for Distribution to Selected Stores (11 items):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve eleven (11) allocated and restricted wine codes for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve all previously reviewed requests for bailment releases/transfers dated May 24 through May 30, 2002. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve all previously reviewed requests for coupon approvals (pad, necker and consumer offer) for the month of June 2002. The motion was unanimously adopted.

3. Late Items: None.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

